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"What is needed is a holistic approach that does not seek to isolate open systems from their environment, but apprehends their profound interconnectedness."
-Antoine Bousquet, *The Scientific Way of Warfare*, 2009

Chairwoman DeGette, Ranking Member Griffith, and members of the Subcommittee:

With the unprovoked Russian reinvasion of Ukraine on February 24, our post-Cold War holiday from history officially ended. The brutalization of Ukraine at the hands of a revanchist Kremlin and its military, enabled by the moral, diplomatic, financial, and propaganda support of the People's Republic of China, revealed to all that we are in an era of geostrategic competition with ruthless authoritarian powers. Just prior to the Beijing Olympics, dictators Vladimir Putin and Xi Jinping professed "no limits" to their "friendship" as they declared a shift in the balance of power in the world toward their authoritarian regimes and away from the United States and the Free World. The arrogance in the statement was palpable. Putin's and Xi's confidence was based, in part, on the perception of weakness and division in the United States and among our allies and partners. As they announced a "new era of international relations," the United States seemed to lack the competence and confidence to challenge the dictators' self-declared preeminence.

America's competence had dissipated, and our confidence diminished due to strategic narcissism, our tendency to define the world only in relation to us and to assume that what we do or choose not to do is decisive to achieving a favorable outcome. If we surrender and withdraw from so called "endless wars," jihadist terrorists will stop their endless jihad. If we develop defense capabilities and capacities adequate only to deter or respond to aggression from one major adversary, other hostile actors will wait their turn; nifty concepts like "integrated deterrence" will keep others at bay until we are ready. If we use "relentless diplomacy" or threaten economic and financial sanctions, we can deter war, advance human rights, and convince hostile states and terrorist organizations to accommodate our preferences. If we

supplicate to Iran and make concession after concession in pursuit of a weak nuclear agreement, promised sanctions relief will convince that theocratic dictatorship to halt its nuclear weapons program and its permanent hostility to the United States, its Arab neighbors, and Israel. If we affirm our commitment to net zero carbon emissions and pursue solutions that will meet only a fraction of emerging energy demand and are feasible only in developed economies, the rest of the world will follow suit and meet climate change-related goals, somehow. If we disconnect global issues such as health security, energy security, oceanic and other environmental pollution, carbon emissions, and climate change from geopolitical competitions, we can foster global cooperation even with hostile states. Strategic narcissism leads to incompetence in foreign, economic, and defense policy because it is self-referential and does not acknowledge the agency and authorship over the future that others enjoy. Policymakers fall prey to cognitive traps such as optimism bias and confirmation bias. Flawed, implicit assumptions go unchallenged.

This committee, amid the ongoing crisis in Europe, has an historic opportunity to reject strategic narcissism and recognize the interconnected nature of the economic and security challenges we face.[i] Because we are behind in critical competitions that lie at the intersection of energy security and national security, we need new policies and new legislation to catch up, strengthen our nation, and build a better future for generations of Americans to come. Policies and legislation should focus on the goals of reducing the coercive power of authoritarian regimes over energy supplies, integrating energy security and climate policies, and removing bureaucratic and regulatory obstacles to progress to meet burgeoning global energy needs.

Reducing the Coercive Power of Authoritarian Regimes

Economic coercion through dependence on Russian energy has been one of Putin's most important methods for avoiding consequences of brazen aggression. The countries that gained

independence from Soviet control after the demise of the Warsaw Pact and the dissolution of the Soviet Union have been particularly vulnerable because they inherited a transportation and energy infrastructure that depends on Moscow. The United States and the Free World failed to respond adequately to the Kremlin's frequent restriction of access to energy supplies and the use of energy pricing tactics to coerce target countries. In 2010, Russia forced Ukraine to grant a twenty-five-year extension of the lease to its Black Sea Fleet's base in Crimea, one of the bases used to annex Crimea in 2014 and to launch the invasion of southern Ukraine in February 2022.

Germany failed to learn from Russia's use of energy to coerce Ukraine, Belarus, Armenia, Tajikistan, and Kyrgyzstan. Germany now imports 51% of its natural gas and 41% of its oil from Russia. Shameless corruption played a role. In 2005, during his final months as chancellor, Gerhard Schroeder gained approval for a multibillion-dollar Nord Stream pipeline project with the Russian state gas company, Gazprom. Soon after he left office, Schroeder became chairman of the pipeline shareholders' committee. Germany compounded that strategic error after Russia annexed Crimea and invaded eastern Ukraine in 2014, entering into the Nord Stream II Agreement in 2017 and then progressively shutting down nuclear power generation. After Germany's energy policy left the country struggling to keep the lights on and the Biden Administration lifted sanctions on Nord Stream II, Putin believed he was in the ideal position to coerce Germany, divide Europe and the United States, and weaken the response to renewed aggression against Ukraine.

Putin's assault on Ukraine is revanchist, but it is also designed to extend Russia's influence over the global energy market and advance its security interests through control of energy extraction, production, and transport. Russian military incursions have focused on the 10% of Ukrainian territory that is home to 90% of their energy. If Russia is weaponizing energy

against the Free World, should we not integrate energy and national security policies to counter Russian aggression?

The United States can curtail the Kremlin's coercive power over Europe and the global economy through displacing Russian hydrocarbon exports. U.S. companies can move oil and gas from the rich resource basins in Pennsylvania, West Virginia, Wyoming, Colorado, Texas, Oklahoma, Louisiana, New Mexico to the Gulf and Pacific coasts and ship it to Europe, and Asia. The only requirement is public policy support from the federal government. Responding to Russian aggression has been costly for the U.S. Treasury, but especially for the Ukrainian people. Sound energy policy is a much cheaper way of reducing Russian capacity for aggression through lifting Russia's coercive power over Europe and the global economy as well as restricting Putin's ability to make cash withdrawals from the ATM of Russian hydrocarbon exports.

American energy's role in defeating tyranny is not unprecedented. During World War II, America provided more than 85% of the oil the Allies used. American energy fueled our industrial power and our military in quantities that the world had never seen. American energy made victory in World War II possible, and it is vital today in the competition between the Free World and authoritarian powers Russia and China. It is past time to unlock the potential of American energy not just for our own citizens, but for our friends around the world. While the United States must help meet the rising demand for oil and, especially natural gas, it must also lead in renewable sources of energy, an area where we are far behind due mainly to complacency, unrestrained globalization, and self-imposed restrictions.

As we shift away from hydrocarbons and toward renewable sources of energy, the United States and our allies must be careful not to trade dependence on Russian energy today (or

dependence on Middle East oil in the 1970s for that matter) for dependence on the People's Republic of China.[ii] Chairman Xi Jinping, in his drive to develop a 'dual circulation' economy in which other countries are dependent on China but China is insulated from dependencies on other nations, has staked out a dominant position not only in the manufacturing of products essential to the transition to renewable energy (e.g., solar panels, wind turbines, batteries, and magnets), but also the up-stream components and materials to include rare earths and other critical minerals.[iii] That is why it is vital to act on the Administration's 100-day Supply Chain Review Report and invest in supply chain resilience. There is also an urgent need to onshore or nearshore the manufacturing of renewable energy hardware and equipment (e.g., solar panels, wind turbines, and batteries) and their components.

The first step is to stop being our own worst enemy. It made no sense to cancel a Canadian pipeline (i.e., Keystone) and green light a Russian one (i.e., Nord Stream II). Meanwhile Saudi Arabia and UAE are refusing to assist in displacing Russian oil and gas, in part, because of the forlorn pursuit of a weak nuclear deal and a failure to treat the Houthis in Yemen like the Iranian-supported terrorist organization it is. It is self-defeating to constrain U.S. oil and gas production and exports and then supplicate to the hostile states of Venezuela and Iran (hostile states that bipartisan majorities of the United States Congress have repeatedly sanctioned) to compensate for energy shortages. Why, according to the Department of Energy's website, are there twenty permits for export of LNG to our allies pending with four permits ready-to-approve now? There seems to be a bias in the Administration to restrict North American oil and gas production. It is past time to work with allies to integrate energy security and national security policy and unleash U.S. energy production and export. The United States is

uniquely positioned to be a reliable supplier of low-carbon energy and assist countries during the gradual transition away from hydrocarbons and toward renewable sources of energy.

It is important to note that the Kremlin has, for years, done its best to obstruct and subvert efforts in the United States and Europe to reduce Russia's coercive power over global energy supplies. One of the ways it has done so is through disinformation and propaganda aimed at shale oil and fracking, portraying the process as damaging to the environment or inconsistent with global climate goals. Much of that disinformation and propaganda is funneled through environmental or climate activist groups.[iv] That it one reason why it is critical to integrate energy security and climate policies.

Integrating Energy Security and Climate Policies.

It is important to recognize that unleashing U.S. oil and gas production can be consistent with the effort to advance decarbonization. American energy can power the world in an increasingly clean way. American LNG companies are at the forefront of proposing new technologies that will dramatically lower greenhouse gas emissions at energy export facilities, including carbon capture and sequestration, greater use of renewable energy to power our oil and gas fields, pipelines, and liquefaction terminals, and enhance methane leak monitoring and repair. Increased U.S. liquefied natural gas (LNG) exports can serve as a bridge to renewables and make a foundational contribution to arresting climate change.

The largest reduction in manmade greenhouse gas emissions in history came not from a large government program or regulation, but from access to inexpensive natural gas in the United States. Cheap natural gas incentivized capital investments necessary to convert coal-fired plants; coal's share of U.S. electricity generation fell from 48 percent in 2008 to 22 percent in 2020.

With investments in natural gas compression infrastructure in the United States and regasification facilities abroad, the conversion of coal to natural gas worldwide would dramatically reduce carbon emissions in the power and industrial sectors. Natural gas complements renewables because of its efficient ramping capabilities of the combined cycle units. Natural gas can come online as the sun goes down or the wind stops blowing. That is how natural gas has enabled the expanded use of renewables in the United States. Conversion to LNG is complementary to renewables because there is no other feasible approach.

By 2050, worldwide energy use will increase by approximately 45 percent compared to 2019. Although power from renewable sources of energy could grow over 250 percent, that growth would satisfy on 28 percent of total energy demand. Global fossil fuel use is projected to rise 25 percent from today's levels by 2050.[v] The United States can lead the global effort to reduce carbon emissions through the export of cheap natural gas as well as the development and deployment of a range of renewable energy technologies, including solar, wind, hydrogen, and next generation nuclear power (i.e., Energy Multiplier Module reactors). It is possible to ensure energy security, sustain economic growth, and achieve decarbonization goals.[vi]

Moreover, U.S. oil and gas is cleaner and more ethical than Russian or other alternatives. As Senator Kevin Cramer of North Dakota and I wrote in Foreign Policy recently, the U.S. government can merge climate and trade policies to prioritize cleaner, more ethically produced oil and gas such as in the United States. For example, carbon border fees could impose costs on Russia's dirtier production of fossil fuels, allow US energy producers to take advantage of their leadership in cleaner fossil fuel production, and incentivize others to meet U.S. standards.[vii]

Coal usage is increasing worldwide, in part, due to our failure to expedite the infrastructure necessary to increase U.S. gas exports. The European Union (EU), for example, in

its forlorn effort to shift exclusively to renewables, not only increased dependence on Russian hydrocarbons, but also on coal which, in turn, generated higher carbon emissions. Solar and wind produce only three percent of the European Union's energy and when the sun does not shine and the wind does not blow, gas-generated power is needed for backup. Europe's refusal to embrace shale gas—which can be found throughout the Continent but remains untapped—compounded the problem and has deepened dependence on Russian gas.[viii]

Without relatively cheap natural gas as a bridge away from dirtier fossil fuels and toward renewables, global net-zero efforts will fail. According to McKinsey, the current leap-to-renewable policies will cost $9.2 trillion, half the global tax take, every year until net zero is supposed to be achieved in 2050. Achieving net zero would cost every American family $19,300 a year, according to the McKinsey study. Such extremely costly policies are infeasible in emerging economies such as India or Africa, whose emissions will skyrocket as their populations and economies grow. Net zero is also likely to fail in the developed world, where its high costs will erode prosperity and political support. Some German manufacturing companies today are shutting down and selling their energy allocations because it is more profitable to do so.

To respond to climate change effectively, the world needs to spend more on green-energy innovation and develop renewables that are reliable and cost-effective. To address their immediate energy problems, Europe and America need to embrace fracking and ignore the Russian propaganda discrediting it to help meet global oil and gas needs. It is time to start pursuing real solutions to climate change and reject non-solutions that are wasting time and resources. Climate proposals that pose single-country or developed economy only solutions are doomed to failure. And efforts to address climate without addressing energy security and geopolitical consequences can do more harm than good. And shiny-object solutions such as

what is sometimes a myopic focus on electric cars can mask much larger problems. For example the anticipated explosion of electric vehicles in China will actually increase carbon emissions and worsen already deplorable air quality because an electric car that charges its batteries with electricity from a coal-burning plant produces more CO2 per mile than a gasoline powered car.[ix]

It is possible to make the choice between energy security and survival of the planet a false dilemma while reducing the coercive power of authoritarian petrostates. Removing bureaucratic and regulatory obstacles to progress will allow the U.S. private sector to help overcome those interconnected challenges.

Remove Bureaucratic and Regulatory Obstacles to Progress.

It is past time for the Administration to abandon what appears to be a bias against fossil energy development, production, and use. If it fails to do so, it risks replicating the dilemma German officials created by cancelling nuclear power and succumbing to a faith-based argument that the nation could transition abruptly to non-nuclear renewable sources of energy. It is important to pursue renewable sources with undiminished vigor while recognizing that fossil fuels must be part of the clean energy transition. More than 70% of the world uses fossil fuels for basic cooking, home heating and cooling, electricity, necessary goods and services, and transportation. Rather than be a barrier to U.S. production, the Biden Administration should be doing whatever it can to allow increased production here at home. Rather than cancel pipelines, impose moratoria on US lease and production, delay issuance of permits to produce more supply, impose new and expensive regulatory requirements for drilling and pipeline permits, and restrict oil and gas capital investments, our government should grant long-pending permits and free

industry to provide abundant, affordable energy at home and for our friends and allies abroad.

The following are specific actions to take now:

- Permit pending LNG export terminals and provide a clear and expedited path to increase capacity over the years. Short term help is important. Long term signals that America will continue to provide energy to the world for decades to come is crucial.
- Allow companies to make their facilities cleaner without a bureaucratic delay. An example is Sempra's Cameron LNG Train 4 proposal that FERC has indicated will take a year.
- Remove the distinction between FTA and non-FTA countries when it comes to energy exports. Energy is a global market. Allow US companies the unhindered ability to expand and move LNG cargos globally.
- Stop undermining investor confidence in oil and gas related industries with damaging rhetoric.
- Focus on methane leaks, flaring and venting with a concerted effort to end these practices and build the pipeline infrastructure needed to get that natural gas to market.
- Work with our North American neighbors to create a unified vision of becoming the world's leading provider of natural gas. North America is an integrated energy market. LNG, oil, and refined product terminals on the coasts of all three USMCA nations with energy moving freely across the continent would improve global energy security tremendously.

Conclusion

Our holiday from history is over. As more of the horrors that the Ukrainian people are enduring become apparent, it is also apparent that the United States fell behind in realizing its potential to improve global energy security and reduce Vladimir Putin's ability to wage indiscriminate warfare while constraining the world's response through dependence on Russian energy supplies. It is past time to work together across political parties and between the government and industry to reduce the coercive power of authoritarian regimes over energy supplies, integrate energy security and climate policies, and remove bureaucratic and regulatory obstacles to progress.

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[i] For a discussion of strategic narcissism, see H.R. McMaster, *Battlegrounds: The Fight to Defend the Free World* (New York: HarperCollins, 2020), 15-17.

[ii] Nadia Schadlow, "Trading One Dependency for Another," *War on the Rocks,* May 12, 2021, https://warontherocks.com/2021/05/trading-one-dependency-for-another/.

[iii] The White House, "Building Resilient Supply Chains, Revitalizing American Manufacturing, and Fostering Broad-Based Growth," The White House, June 2021, 100-day-supply-chain-review-report.pdf (whitehouse.gov).
[iv] Majority Staff, "Russian Attempts to Influence U.S. Domestic Energy Markets by Exploiting Social Media," United States House of Representatives Committee on Science, Space, and Technology, March 1, 2018, https://republicans-science.house.gov/sites/republicans.science.house.gov/files/documents/SST%20Staff%20Report%20-%20Russian%20Attempts%20to%20Influence%20U.S.%20Domestic%20Energy%20Markets%20by%20Exploiting%20Social%20Media%2003.01.18.pdf; Bjorn Lomborg, "Be Afraid of Nuclear War, Not Climate Change," *WSJ,* March 29, 2022, https://www.wsj.com/articles/nuclear-war-climate-change-john-kerry-guterres-war-existential-threat-ukraine-fossil-fuel-oil-gas-russia-invasion-11648590114?page=1; Matt Ridley, "The Plot Against Fracking: How Cheap Energy Was Killed by Green Lies and Russian Propaganda," *The Critic*, December 2019, https://thecritic.co.uk/issues/december-2019/the-plot-against-fracking/; Drew Johnson, Intelligence: Putin is Funding the Anti-Fracking Campaign, NEWSWEEK (Jan. 29, 2017), http://www.newsweek.com/intelligence-putin-funding-anti-fracking-campaign-547873; Office of the Dir. of Nat'l Intelligence, *Background to "Assessing Russian Activities and Intentions in Recent US Election": The Analytic Process and Cyber Incident Attribution* 8 (Jan. 6, 2017), available at https://www.dni.gov/files/documents/ICA_2017_01.pdf.
[v] U.S. Energy Information Administration, "International Energy Outlook 2019," 2019, https://www.eia.gov/outlooks/ieo/.
[vi] *Ibid.*
[vii] Kevin Cramer and H.R. McMaster, "Use Climate and Trade Policy to Counter Putin's Playbook," *Foreign Policy,* December 23, 2021, https://foreignpolicy.com/2021/12/23/russia-energy-us-europe-carbon-tarriff-ukraine-nordstream-oil-gas/.
[viii] The lack of sufficient supplies of natural gas to the globe has caused a dramatic backsliding in the switching from coal and oil for power generation and other industrial processes to cleaner natural gas. In October of last year, the IEA estimated that a lack of LNG led to an increase in global oil demand of at least 500,000 barrels per day – fully one half of what the administrations recently announced SPR release will cover. At the same time, nations around the globe are reverting to coal to power their economies, with dramatic increases not just in GHG emissions, but other criteria air pollutants like NOx and SO2. See Noah Browning, "Energy crisis could threaten global economic recovery, says IEA," *Reuters*, October 14, 2021, https://www.reuters.com/business/energy/energy-crisis-could-threaten-global-economic-recovery-says-iea-2021-10-14/.
[ix] McMaster, *Battlegrounds*, 419.